

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Farmers' Empowerment Programme - Farmers' Debt Redemption–Transfer of Funds by RythuSadhikaraSamstha to the Farmers' Accounts –Orders Issued

FINANCE (EBS-II – A&C) DEPARTMENT

G.O.MS.No. 218

Dated 04-12-2014

Read the following:

1. GO Ms No. 164 Finance (IF) Department dated 02.08.2014
2. GO Ms No. 174 Finance (IF) Department dated 14.08.2014
3. GO Ms No 20 of Planning (VII) Department dated 27.09.2014
4. G.O.Ms no 197 Finance (R&E) Department dated 04.10.2014
5. SLBC letter No 666/30/02/-B/577 dated 18.11.2014
6. GO Rt. No. 2583 and GO Rt. No 2584 of Finance (EBS II) Department dated 18.10.2014

ORDER:

1. In the reference first read above, the Government issued orders for redemption of "agricultural crop loans and gold loans availed for agricultural purpose, together not exceeding Rs 1.50 lakh per family". In the reference second read above, the Government issued operational guidelines for implementing the debt redemption scheme to the farmers. In the reference third read above, the Government outlined its "vision to be among the three best States in India by 2022, when India celebrates its 75th year of independence and to achieve the status of a developed State by 2029". In order to achieve these goals, the Government decided to adopt a mission approach and launched seven sector-specific Missions that are critical for the social and economic growth of the State. One of the seven Missions includes the Primary Sector Mission, which is the principal instrument for farmer's empowerment.

2. In GOMs No 181 of Finance (IF) Department dated 01.09.2014, the cut-off date for the waiver of loans disbursed for crop purposes, including the loans converted as MTL due to calamities, was prescribed as up to 31.12.2013 and outstanding as on 31.12.2013, even if they were repaid. In GOMs 184 of Finance (B&IF) Department, dated 03.09.2014, the Government established a State Level Grievance Redressal Committee with the Deputy Chairman, State Planning Board as the Chairman.

Farmers' Debt Redemption

3. Redemption of farmer's debt has been one of the most important policy commitments of the Government to provide the much-needed private as well as public investment for productivity enhancement and value addition to the Agricultural sector. The Government's objective is to provide the much-deserved and long awaited relief to the farm families who have been pauperized over the years by moneylenders,

unregulated micro-finance institutions (MFIs), and grossly inadequate investment in agriculture over a decade.

4. The Government's Farmers' Debt Redemption policy seeks to harmonise the expectations and requirements of the farmers, vibrancy of the banking system, and the development demands of the state. In order to provide an integrated institutional mechanism for delivery of all programmes, schemes and activities intended for farmer's empowerment, encompassing welfare, development, capacity enhancement, credit flow, financial support and allied empowerment activities, the Government, after careful and thorough consideration of all possible options, ordered for the establishment of RythuSadhikaraSamstha in the reference fourth read above. The RythuSadhikaraSamstha has been assigned responsibility for 'channelling funds to the farmersequivalent to the agricultural debt eligible for redemption under the provisions of Government Orders' issued from time to time. In addition, the RythuSadhikaraSamstha would receive and channel funds, programs and development activities meant for farmers' development. Accordingly, in the references sixth read above, the Government has released Rupees Five Thousand Crores (Rs 5,000 Crores) to the RythuSadhikaraSamstha for the purpose of Farmers' Debt Redemption.

5. During the past six months, the Government has made extensive efforts to collect and compile the entire data relating to outstanding agricultural debt from all the Banks. The data so collected has been validated and the eligibility for coverage under the scheme has been determined based on the information provided by the Banks in the 34-column template duly integrating the Aadhar Number, Ration Card Number; Land proof, etc. Following further verification with the assistance of Banks, the farm families eligible for debt redemption in the first phase (Phase-I) are being approved for debt redemption initially in these orders.

6. The list of farm families (*RythuKutumbalu*) cleared for debt redemption during the first phase has been computed based on the information provided by the Banks and validated after careful scrutiny using the IT application developed by NIC. The beneficiary details have been compiled for every Bank and every Branch. The list of those cleared for debt redemption in the Phase-I is being published online for the information of the public shortly and the list will be delivered to the RythuSadhikaraSamstha, Banks and the other key stakeholders. Verification and clearance of the remaining accounts will be undertaken during the second Phase (Phase-II).

7. After considering all aspects of farmers' debt redemption matter, the Government hereby orders that the RythuSadhikaraSamstha shall transfer an amount equivalent to the debt eligible for redemption of the farmer families having Rupees Fifty Thousand (Rs 50,000) and below approved for redemption in Phase-I. To extend every possible benefit to the farmer families, the Government is ordering for redemption of entire outstanding debt of Rs fifty thousand and below, without reference to the scale of finance (SOF). Those farmer families having debt eligible for redemption above Rupees fifty thousand and below Rupees one Lakh and Fifty Thousand (Rs 50,000 – 150,000), will be transferred an amount equivalent to twenty per cent (20%) of the outstanding debt eligible for redemption. The RythuSadhikaraSamstha is hereby ordered to transfer the

amount to the account of the farmer families with immediate effect duly following the procedure outlined below.

8. With regard to the farmer families, who are approved for coverage under the Debt Redemption Scheme, having an outstanding eligible debt of more than Rupees Fifty Thousand, the RythuSadhikaraSamstha will issue Subsidy Certificates that would carry an annual interest of ten percent (10%), which could be redeemed by the farmer in four equal annual instalments, or earlier, as determined by the Government after periodic review. The Government will issue separate guidelines for the administration of Subsidy Certificates by RythuSadhikaraSamstha.

Procedure for Transfer of Funds

9. The RythuSadhikaraSamstha shall be the Nodal Agency to co-ordinate, supervise, and monitor all activities relating to the Farmers' Debt Redemption Scheme. The Samstha will transfer funds received from the Government in the reference sixth read above, through an Escrow Account to be established for the purpose of Farmers' Debt Redemption. The Samstha will facilitate all Banks participating in the Farmers' Debt Redemption Scheme to establish an Escrow Nodal Account for the Farmers' Debt Redemption at the Head / Zonal / Regional level, as per the convenience of the concerned Bank.

10. Based on the details of farmer families cleared for debt redemption by the Government in the first phase – communicated through NIC / Finance Department – the RythuSadhikaraSamstha will order for transfer of amount eligible for redemption to each Bank Branch. Based on this authorisation, the participating Banks will transfer the authorised funds from the Escrow Nodal account to their Bank Branches. Each Bank Branch will establish a 'Escrow Current Account' to be utilised for the exclusive purpose of receiving and managing funds relating to the 'Farmers' Debt Redemption' Scheme.

11. The Branch Manager shall be responsible for careful verification of the beneficiary account cleared under the Debt Redemption Scheme, confirm the outstanding balance based on the Bank records, tally with their books, verify the correctness of the amount authorised for transfer for debt redemption by the RythuSadhikaraSamstha. The Branch Manager shall appropriate the insurance claim, if any, received from the Agriculture Insurance Company of India Ltd (AIC), by notionally reducing the outstanding balances in the respective accounts as on 31 December 2013, before computing the amount of benefit.

12. The Branch Managers shall obtain an application-cum-affidavit from each beneficiary family in the format to be prescribed by the RythuSadhikaraSamstha before transferring the benefit to the beneficiary account. The Branch Manager will transfer the debt redemption entitlement amount to the farmers' loan account. The farmers who receive benefit under the Scheme are eligible for fresh finance from the lending institution, including additional amount, if any required and found eligible. Where the amount of redemption is less than the outstanding amount, fresh loan will be sanctioned, if requested, depending on eligibility.

13. The Branch Manager will be responsible and accountable for the accuracy of the redemption claimed and credited to the beneficiary account. In the event of any beneficiary's loan account being credited in excess of the eligible amount he/she is entitled to, the concerned bank shall recover the excess amount and credit back the same to the account of RythuSadhikaraSamstha.

14. The Branch Managers are required to ensure that all documents pertaining to the debt redemption scheme are preserved carefully, including the application-cum-affidavits obtained from the beneficiaries, security documents obtained while advancing the loan, the remarks of the Branch Manager on application, and other related documents. Every document maintained, every list prepared and every certificate issued for the purpose of scheme shall bear the signature and designation of the authorised officer of the Bank.

15. The Branch Manager will furnish a detailed Statement of Expenditure (SOE) duly certified along with the Utilisation Certificate in the format prescribed by RythuSadhikaraSamstha to the Nodal Bank. All Banks are requested to conduct audit of the implementation of the scheme to ensure strict adherence with the letter and spirit of the debt redemption scheme. The RythuSadhikaraSamstha and the Government will also conduct special audit of the implementation of the scheme, if necessary, through authorised representatives.

16. The Nodal Bank will collect and compile the list of all farmer families who have received benefit under the scheme along with the amount transferred to the beneficiaries, bank wise and branch wise, after obtaining certification from the Branch Managers that they have complied with the stipulations and requirement of the Debt Redemption Scheme. These details will be furnished to the RythuSadhikaraSamstha, which will establish a monitoring mechanism of its own - either directly or through an independent entity – to ensure that the funds are transferred to the famer families in accordance with the letter and spirit of the Debt Redemption Scheme. The RythuSadhikaraSamstha shall furnish detailed certified Statement of Expenditure (SOE) along with the Utilisation Certificate (UCs) to the Government before 28 February 2015.

Phase II Verification

17. All those farmer accounts that could not be cleared during the Phase-I for want of documentation are being given an opportunity for completion of the verification process in the second phase. The NIC will furnish the list of remaining / pending loan accounts for providing coverage under the scheme that could not be finalized for want of critical information. This list will be made available to the bank-branches and placed in public domain to enable them to furnish the information or documents to the Bank to become eligible for debt redemption under the scheme during Phase-II.

18. The farmers, who are not cleared for debt redemption in the first phase are required to submit an application online through the concerned Bank along with the documents in support of his / her claim. The Branch Manager, will carefully examine all such applications in accordance with the Government instructions issued from time to time and make appropriate recommendations. The concerned Bank Manager will forward these recommendations, duly supported by a detailed explanatory note, online

to the NIC portal established for this purpose. The NIC will review the information furnished by the MLGRC and update the information in accordance with the scheme guidelines and furnish appropriate advisory within four weeks from the issue of these orders.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr. P.V. RAMESH
PRINCIPAL SECRETARY TO GOVERNMENT (R&E)

To
Chief Executive Officer of RythuSadhikaraSamstha
The Convenor of State Level Banker's Committee

Copy:
The Chief Secretary to the Government
The Deputy Chairman of the Planning Board
The Special Chief Secretary, Planning Department
Principal Secretary, Department of Agriculture
Principal Secretary, Department of Horticulture, Co-operation and Marketing
Principal Secretary, Department of Animal Husbandry and Fisheries
Principal Finance Secretary
Principal Secretary, Finance (R&E) Department
The Principal Secretary / Secretary to the Hon'ble Chief Minister
All Special Chief Secretaries / Principal Secretaries / Secretaries to Government
The Chairman and Managing Director, Andhra Bank, Hyderabad
The Managing Director, State Bank of Hyderabad
The Chief General Manager, State of Bank of India, Hyderabad
The Heads of All Participating Banks in Andhra Pradesh
The Commissioner and Director of Agriculture
Heads of all departments and Managing Directors and CEOs of Corporations, Societies and Co-operatives under the control of the Department of Agriculture and Co-operation
All Heads of Departments of Government of Andhra Pradesh
Private Secretary / OSD to all Hon'ble Ministers of Andhra Pradesh Government
Private Secretary to the Hon'ble Chief Minister of Andhra Pradesh
Heads of all Departments
All District Collectors
The Special Chief Secretary to the Governor, Andhra Pradesh, Hyderabad

//FORWARDED BY::ORDER//

SECTION OFFICER